



General Assembly

February Session, 2002

***Raised Bill No. 5428***

LCO No. 1549

Referred to Committee on Energy and Technology

Introduced by:  
(ET)

***AN ACT CONCERNING ELECTRIC RESTRUCTURING.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. Subdivisions (26) and (27) of subsection (a) of section 16-1  
2       of the general statutes, as amended by section 7 of public act 01-204,  
3       are repealed and the following is substituted in lieu thereof (*Effective*  
4       *July 1, 2002*):

5       (26) "Class I renewable energy source" means (A) energy derived  
6       from solar power, wind power, a fuel cell, methane gas from landfills,  
7       [or] ocean thermal power, wave or tidal power, low emission  
8       advanced renewable energy conversion technologies, a biomass  
9       facility, including, but not limited to, a biomass gasification plant that  
10      utilizes land clearing debris, tree stumps or other biomass that  
11      regenerates or the use of which will not result in a depletion of  
12      resources, provided such facility begins operating on or after July 1,  
13      1998, and such biomass is cultivated and harvested in a sustainable  
14      manner, or (B) low emission distributed generation;

15      (27) "Class II renewable energy source" means energy derived from  
16      a trash-to-energy facility, or a biomass facility that does not meet the

17 criteria for a class I renewable energy source or a hydropower facility,  
18 provided such facility has a license issued by the Federal Energy  
19 Regulatory Commission, has been exempted from such licensure, is  
20 the subject of a license application or notice of intent to seek a license  
21 from said commission, has been found by the Commissioner of  
22 Environmental Protection to be operating in compliance with the  
23 federal Clean Water Act, or has been found by the [Canadian  
24 environmental assessment agency] appropriate Canadian or provincial  
25 regime to be operating in compliance with said agency's resource  
26 objectives.

27 Sec. 2. Subsection (a) of section 16-1 of the general statutes, as  
28 amended by section 1 of public act 01-49 and section 7 of public act 01-  
29 204, is amended by adding subdivision (40) as follows (*Effective July 1,*  
30 *2002*):

31 (NEW) (40) "Distributed generation" means the generation of  
32 electricity on the premises of an end user within the transmission and  
33 distribution system including fuel cells, microturbines, photovoltaic  
34 systems or small wind turbines.

35 Sec. 3. Section 16-243h of the general statutes is repealed and the  
36 following is substituted in lieu thereof (*Effective July 1, 2002*):

37 On and after January 1, 2000, each electric supplier, as defined in  
38 section 16-1, as amended by this act, and any electric distribution  
39 company providing, pursuant to section 16-244c, as amended by this  
40 act, standard offer, default or back-up services, shall give a credit for  
41 any electricity generated by a residential customer from a Class I  
42 renewable energy source or a hydropower facility as described in  
43 subdivision (27) of subsection (a) of section 16-1, as amended by this  
44 act. The electric distribution company providing electric distribution  
45 services to such a customer shall make such interconnections necessary  
46 to accomplish such purpose. An electric distribution company, at the  
47 request of any residential customer served by such company and if  
48 necessary to implement the provisions of this section, shall provide for

49 the installation of metering equipment that (1) measures electricity  
 50 consumed by such customer from the facilities of the electric  
 51 distribution company, (2) deducts from the measurement the amount  
 52 of electricity produced by the customer and not consumed by the  
 53 customer, and (3) registers, for each billing period, the net amount of  
 54 electricity either [(i)] (A) consumed and produced by the customer, or  
 55 [(ii)] (B) the net amount of electricity produced by the customer. A  
 56 residential customer who generates electricity from a generating unit  
 57 with a name plate capacity of more than ten kilowatts of electricity  
 58 pursuant to the provisions of this section shall be assessed for the  
 59 competitive transition assessment, pursuant to section 16-245g and the  
 60 systems benefits charge, pursuant to section 16-245l based on the  
 61 amount of electricity consumed by the customer from the facilities of  
 62 the electric distribution company without netting any electricity  
 63 produced by the customer. For purposes of this section, "residential  
 64 customer" means a customer of a single-family dwelling or  
 65 multifamily dwelling consisting of two to four units.

66 Sec. 4. Section 16-244c of the general statutes is repealed and the  
 67 following is substituted in lieu thereof (*Effective July 1, 2002*):

68 (a) (1) On and after January 1, 2000, each electric distribution  
 69 company, as defined in section 16-1, as amended by this act, shall  
 70 make available to all customers in its service area, the provision of  
 71 electric generation and distribution services through a standard offer.  
 72 Under the standard offer, a customer shall receive electric services at a  
 73 rate established by the Department of Public Utility Control pursuant  
 74 to subdivision (2) of this subsection. Each electric distribution  
 75 company shall provide electric generation services in accordance with  
 76 such option to any customer who affirmatively chooses to receive  
 77 electric generation services pursuant to the standard offer or does not  
 78 or is unable to arrange for or maintain electric generation services with  
 79 an electric supplier, as defined in said section 16-1. The standard offer  
 80 shall automatically terminate on January 1, 2004, unless extended by  
 81 the General Assembly pursuant to section 74 of public act 98-28\*.

82 While providing electric generation services under the standard offer,  
83 an electric distribution company may provide electric generation  
84 services through any of its generation entities or affiliates, provided  
85 such entities or affiliates are licensed pursuant to section 16-245, as  
86 amended by this act.

87 (2) Not later than October 1, 1999, the Department of Public Utility  
88 Control shall establish the standard offer for each electric distribution  
89 company, effective January 1, 2000, which shall allocate the costs of  
90 such company among electric transmission and distribution services,  
91 electric generation services, the competitive transition assessment and  
92 the systems benefits charge. The department shall hold a hearing that  
93 shall be conducted as a contested case in accordance with chapter 54 to  
94 establish the standard offer. The standard offer shall provide that the  
95 total rate charged under the standard offer, including electric  
96 transmission and distribution services, the conservation and load  
97 management program charge described in section 16-245m, as  
98 amended by this act, the renewable energy investment charge  
99 described in section 16-245n, as amended by this act, electric  
100 generation services, the competitive transition assessment and the  
101 systems benefits charge shall be at least ten per cent less than the base  
102 rates, as defined in section 16-244a, in effect on December 31, 1996. The  
103 standard offer shall be adjusted to the extent of any increase or  
104 decrease in state taxes attributable to sections 12-264 and 12-265 and  
105 any other increase or decrease in state or federal taxes resulting from a  
106 change in state or federal law and shall continue to be adjusted during  
107 such period pursuant to section 16-19b. Notwithstanding the  
108 provisions of section 16-19b, the provisions of said section 16-19b shall  
109 apply to electric distribution companies. The standard offer may be  
110 adjusted, by an increase or decrease, to the extent approved by the  
111 department, in the event that (A) the revenue requirements of the  
112 company are affected as the result of changes in legislative enactments  
113 other than public act 98-28\*\*, administrative requirements or  
114 accounting standards occurring after July 1, 1998, provided such  
115 accounting standards are adopted by entities independent of the

116 company that have authority to issue such standards, or (B) an electric  
117 distribution company incurs extraordinary and unanticipated expenses  
118 required for the provision of safe and reliable electric service to the  
119 extent necessary to provide such service. Savings attributable to a  
120 reduction in taxes shall not be shifted between customer classes.

121 (3) The price reduction provided in subdivision (2) of this  
122 subsection shall not apply to customers who, on or after July 1, 1998,  
123 are purchasing electric services from an electric company or electric  
124 distribution company, as the case may be, under a special contract or  
125 flexible rate tariff, and the company's filed standard offer tariffs shall  
126 reflect that such customers shall not receive the standard offer price  
127 reduction.

128 [(b) On and after January 1, 2004, each electric distribution company  
129 shall serve any customer who does not or is unable to arrange for or  
130 maintain electric generation services with an electric supplier. The  
131 electric distribution company shall procure electric generation services  
132 for such customers through a competitive bidding process.]

133 (b) (1) On and after January 1, 2004, each electric distribution  
134 company shall procure electric generation services for a residential  
135 customer who is eligible for hardship protection pursuant to  
136 subdivision (3) of subsection (b) of section 16-262c or is a member of a  
137 vulnerable population, as determined by the department. Upon a  
138 finding that it is in the best interest of such customers, not later than  
139 October 1, 2003, and every calendar quarter thereafter, the department  
140 shall establish a default service price for such customers which shall be  
141 at cost, plus administrative costs incurred by the electric distribution  
142 company, subject to the price variation mechanism established  
143 pursuant to subdivision (4) of this subsection. An electric distribution  
144 company may procure electric generation services through any of its  
145 generation entities or affiliates, provided such entity or affiliate is the  
146 lowest qualified bidder and provided further any such entity or  
147 affiliate is licensed pursuant to section 16-245, as amended by this act.

148       (2) On and after January 1, 2004, each electric distribution company  
149       shall procure electric generation services for any residential customer  
150       who does not arrange for electric generation services with an electric  
151       supplier and is not eligible for service pursuant to subdivision (1) of  
152       this subsection. Not later than October 1, 2003, and every calendar  
153       quarter thereafter, the Department of Public Utility Control shall  
154       establish the default service price for such customers which shall  
155       consist of (A) the market cost for generation services, as adjusted by a  
156       market index mechanism, subject to the price variation mechanism  
157       established pursuant to subdivision (4) of this subsection, (B)  
158       administrative costs, and (C) a procurement fee. Not later than July 1,  
159       2003, the Department of Public Utility Control shall hold a hearing that  
160       shall be conducted as a contested case in accordance with chapter 54 to  
161       establish such market index mechanism and procurement fee to be  
162       charged under such service which shall not be more than eight-tenths  
163       of a cent per kilowatt hour. For purposes of this section, a "residential  
164       customer" includes commercial customers who do not use a demand  
165       meter or who have a maximum demand of three hundred fifty  
166       kilowatts or more.

167       (3) There is established an account to be known as the "competition  
168       development account", within the Consumer Counsel and Public  
169       Utility Control Fund established pursuant to 16-48a, which shall be a  
170       separate, nonlapsing account. There shall be deposited in the account  
171       the proceeds from the procurement fee collected pursuant to  
172       subdivision (2) of this subsection. Investment earnings credited to the  
173       assets of the account shall become part of the assets of the account.  
174       Any balance remaining in the account at the end of any fiscal year shall  
175       be carried forward in the account for the fiscal year next succeeding.  
176       Payments from the account shall be made upon authorization by the  
177       Department of Public Utility Control for the payment of stranded costs  
178       calculated pursuant to section 16-245e and for the funding of the credit  
179       program created pursuant to section 5 of this act. The department shall  
180       annually hold a hearing that shall be conducted as a contested case  
181       pursuant to chapter 54 to determine the amount of allocation, with not

182 less than one-half of the proceeds to be allocated to the payment of  
183 stranded costs for the fiscal year ending June 30, 2004, and not less  
184 than two-thirds of the proceeds to be allocated to the payment of  
185 stranded costs for the fiscal year ending June 30, 2005.

186 (4) An electric distribution company providing generation services  
187 pursuant to subdivisions (1) and (2) of this subsection shall mitigate  
188 the variation of the price of the service offered to its customers by  
189 procuring generation service contracts in the manner prescribed in a  
190 plan approved by the Department of Public Utility Control. Not later  
191 than April 1, 2003, each electric distribution company shall submit  
192 such plan to the department. Such plan shall require that a portfolio of  
193 service contracts sufficient to meet the projected load shall be effective  
194 for the period commencing on January 1, 2004. In addition, such plan  
195 shall require that the portfolio of contracts be procured in an  
196 overlapping pattern of fixed periods at such times and in such manner  
197 and duration as the department determines to be most likely to  
198 produce just, reasonable and reasonably stable rates while reflecting  
199 underlying market prices over time. Such contract portfolios shall also  
200 be procured in a manner designed to hedge against price and capacity  
201 risks. The portfolio of contracts procured under such plan shall be for  
202 terms of not less than six months, provided contracts for shorter  
203 periods may be procured only under such conditions as the  
204 department shall prescribe to ensure reliable service under  
205 extraordinary circumstances or as necessary for the prudent  
206 management of the contract portfolio.

207 (5) An electric distribution company shall serve customers that may  
208 not receive default service pursuant to subdivisions (1) and (2) of this  
209 subsection as the supplier of last resort. An electric distribution  
210 company shall provide electric generation services to such customers  
211 at a rate approved by the Department of Public Utility Control that  
212 reflects spot market prices as determined by the regional independent  
213 system operator.

214     (6) The Department of Public Utility Control and the Office of  
215     Consumer Counsel shall, within available resources, biennially  
216     conduct a study on default services provided pursuant to this  
217     subsection. Such study shall include, but not be limited to, an analysis  
218     of (A) the population of residential customers remaining on default  
219     service, (B) the effectiveness of the procurement fee in encouraging  
220     residential customers to contract with an electric supplier, (C) the  
221     pricing for each type of default service, and (D) such other issues as the  
222     department and the Office of Consumer Counsel determine are  
223     appropriate. Not later than January 1, 2005, and biennially thereafter,  
224     the department shall submit a report on its findings and  
225     recommendations to the joint standing committee of the General  
226     Assembly having cognizance of matters relating to energy, in  
227     accordance with the provisions of section 11-4a.

228     (c) On and after January 1, 2000, and until such time the regional  
229     independent system operator implements procedures for the provision  
230     of back-up power to the satisfaction of the Department of Public Utility  
231     Control, each electric distribution company shall provide electric  
232     generation services to any customer who has entered into a service  
233     contract with an electric supplier that fails to provide electric  
234     generation services for reasons other than the customer's failure to pay  
235     for such services. Between January 1, 2000, and December 31, 2003, an  
236     electric distribution company may procure electric generation services  
237     through a competitive bidding process or through any of its generation  
238     entities or affiliates. On and after January 1, 2004, such company shall  
239     procure electric generation services through a competitive bidding  
240     process. Such company may procure electric generation services  
241     through any of its generation entities or affiliates, provided such entity  
242     or affiliate is the lowest qualified bidder and provided further any  
243     such entity or affiliate is licensed pursuant to section 16-245, as  
244     amended by this act.

245     (d) An electric distribution company is not required to be licensed  
246     pursuant to section 16-245, as amended by this act, to provide



247 [standard offer electric generation] services in accordance with  
248 [subsection (a) of this section or back-up electric generation services  
249 prior to January 1, 2004, in accordance with subsection (c) of] this  
250 section.

251 (e) The electric distribution company shall be entitled to recover  
252 reasonable costs incurred as a result of providing standard offer  
253 electric generation services pursuant to the provisions of subsection (a)  
254 of this section, the default service pursuant to subsection (b) of this  
255 section or the back-up electric generation services pursuant to  
256 subsection (c) of this section. The provisions of this section and section  
257 16-244a shall satisfy the requirements of section 16-19a until January 1,  
258 2004.

259 (f) The Department of Public Utility Control shall establish, by  
260 regulations adopted pursuant to chapter 54, [standards or procedures  
261 for an electric distribution company's procuring power and  
262 competitive bidding for purposes of subsections (b) and (c) of this  
263 section in a commercially reasonable manner and] procedures for  
264 when and how a customer is notified that his electric supplier has  
265 defaulted and of the need for the customer to choose a new electric  
266 supplier within a reasonable period of time.

267 (g) An electric distribution company providing default service in  
268 accordance with subsection (b) of this section or back-up electric  
269 generation services in accordance with subsection (c) of this section  
270 shall comply with the portfolio standards pursuant to section 16-245a,  
271 as amended by this act. Any such electric distribution company that  
272 fails to comply with the portfolio standards shall be subject to civil  
273 penalties by the Department of Public Utility Control in accordance  
274 with section 16-41. In addition to or instead of such penalties, the  
275 department may order any person who fails to comply with the  
276 portfolio standards to make a payment to the department to be  
277 allocated to the Renewable Energy Investment Fund and to other uses  
278 the department determines to be in the best interest of rate payers,

279 including, but not limited to, the Energy Conservation and Load  
280 Management Fund or the payment of stranded costs. The department  
281 shall annually set a range of the amount of such payment on a cent per  
282 kilowatt hour basis following a hearing that is conducted as a  
283 contested case in accordance with chapter 54.

284       Sec. 5. Section 16-244d of the general statutes is amended by adding  
285 subsections (f) to (h), inclusive, as follows (*Effective July 1, 2002*):

286       (NEW) (f) The Department of Public Utility Control, in consultation  
287 with the Office of Consumer Counsel, shall establish a program for the  
288 dissemination of information regarding electric suppliers. Such  
289 program shall require electric distribution companies to distribute an  
290 informational summary on electric suppliers to any new customer and  
291 to existing customers beginning on January 1, 2003, and biannually  
292 thereafter. Such informational summary shall be developed by the  
293 department and shall include, but not be limited to, the name of each  
294 licensed electric supplier, the state where the supplier is based,  
295 information on whether the supplier has active offerings for either  
296 residential or commercial and industrial consumers, the telephone  
297 number and Internet address of the supplier, and an identification of  
298 whether the supplier offers electric generation services from renewable  
299 energy sources in excess of the portfolio standards pursuant to section  
300 16-245a, as amended by this act. The department shall include pricing  
301 information in the informational summary to the extent the  
302 department determines feasible. The department shall post the  
303 informational summary in a conspicuous place on its website and  
304 provide electronic links to the website of each supplier. The  
305 department shall update the informational summary on its website on  
306 at least a quarterly basis.

307       (NEW) (g) The Department of Public Utility Control shall, no later  
308 than October 1, 2002, develop a plan for the restart of the education  
309 outreach program on or before October 1, 2003, and submit such plan  
310 to the joint standing committee of the General Assembly having

311 cognizance of matters relating to energy and technology, in accordance  
312 with the provisions of section 11-4a.

313 (NEW) (h) Not later than January 1, 2003, the Department of Public  
314 Utility Control shall adopt regulations, in accordance with chapter 54,  
315 to establish a customer credit program for residential customers  
316 receiving default service pursuant to section 16-244c, as amended by  
317 this act. Such program shall require an electric distribution company to  
318 give a credit, as determined by the department, to a residential  
319 customer who chooses an electric supplier and maintains service with  
320 such supplier for not less than one year. Nothing in this subsection  
321 shall be construed to prohibit an electric supplier from assessing a  
322 customer an early termination fee. Such credit program shall terminate  
323 on December 31, 2006.

324 Sec. 6. Section 16-245 of the general statutes is repealed and the  
325 following is substituted in lieu thereof (*Effective October 1, 2002*):

326 (a) No person shall execute any contract relating to the sale of  
327 electric generation services to be rendered after January 1, 2000, to end  
328 use customers located in the state unless such person has been issued a  
329 license by the department in accordance with the provisions of this  
330 section. No license shall be valid before July 1, 1999.

331 (b) On and after January 1, 2000, no person, no municipality and no  
332 regional water authority shall sell or attempt to sell electric generation  
333 services to end use customers located in the state using the  
334 transmission or distribution facilities of an electric distribution  
335 company, as defined in section 16-1, as amended by this act, and no  
336 municipality, no regional water authority and the Connecticut  
337 Resources Recovery Authority except as provided in section 16-245b  
338 and no person shall aggregate, broker or market the sale of electric  
339 generation services to end use customers using the transmission or  
340 distribution facilities of an electric distribution company unless the  
341 person has been issued a license by the Department of Public Utility  
342 Control in accordance with the provisions of this section, provided an

343 electric distribution company is not required to be licensed pursuant to  
344 this section to provide electric generation services pursuant to  
345 subsection (a) of this section or, prior to January 1, 2004, subsection (c)  
346 of section 16-244c, as amended by this act. Not later than January 1,  
347 1999, the department shall, by regulations adopted pursuant to chapter  
348 54, develop licensing procedures. The licensing process shall begin not  
349 later than April 1, 1999.

350 (c) To ensure the safety and reliability of the supply of electricity in  
351 this state, the Department of Public Utility Control shall not issue a  
352 license unless the person can demonstrate to the satisfaction of the  
353 department that [:(1) The] the person has the technical, managerial  
354 and financial capability to provide electric generation services and  
355 provides and maintains a bond or other security in amount and form  
356 approved by the department, to ensure its financial responsibility and  
357 its supply of electricity to end use customers in accordance with  
358 contracts, agreements or arrangements. [:(2) the person or the entity or  
359 entities with whom the person has a contractual relationship to  
360 purchase power is in compliance with all applicable licensing  
361 requirements of the Federal Energy Regulatory Commission; (3) the  
362 person is registered with or certified by the regional independent  
363 systems operator or has a contractual relationship with one or more  
364 entities who are registered with or certified by the regional  
365 independent systems operator and is in compliance with all system  
366 rules and standards established by the regional independent systems  
367 operator; (4) the person owns or purchases such capacity and reserves  
368 as may be required by the regional independent system operator, to  
369 provide adequate electricity to all the person's customers; (5) the  
370 person's generation facilities located in North America are in  
371 compliance with regulations adopted by the Commissioner of  
372 Environmental Protection pursuant to section 22a-174j; and (6) for any  
373 generation facility within this state, the facility is in compliance with  
374 chapter 277a and state environmental laws and regulations.] A license  
375 shall be subject to periodic review on a schedule to be established by  
376 the department.

377 (d) An application for a license shall be filed with the Department of  
378 Public Utility Control, accompanied by a fee pursuant to subsection (e)  
379 of this section. The application shall contain such information as the  
380 department may deem relevant, including, but not limited to, the  
381 following: (1) The address of the applicant's headquarters and the  
382 articles of incorporation, as filed with the state in which the applicant  
383 is incorporated; (2) the address of the applicant's principal office in the  
384 state, [and] if any, or the address of the applicant's agent for service in  
385 the state; (3) the toll-free telephone number for customer service; (4)  
386 information about the applicant's corporate structure, including names  
387 and financial statements, as appropriate, concerning corporate  
388 affiliates; (5) a disclosure of whether the applicant or any of the  
389 [applicant is] applicant's corporate affiliates or officers have been or  
390 are currently under investigation for violation of any consumer  
391 protection law or regulation to which it is subject, either in this state or  
392 in another state; (6) a copy of its standard service contract; [(7) an  
393 attestation that it is subject to chapters 208, 212, 212a and 219, as  
394 applicable, and that it shall pay all taxes it is subject to in this state; and  
395 (8)] and (7) a scope of service plan which sets forth, among other  
396 things, a description of the geographic area the applicant plans to  
397 serve.

398 (e) The application fee shall include the costs to investigate and  
399 administer the licensing procedure and shall be commensurate with  
400 the level of investigation necessary, as determined by regulations  
401 adopted by the Department of Public Utility Control.

402 (f) Not more than thirty days after receiving an application, the  
403 Department of Public Utility Control shall notify the applicant whether  
404 the application is complete or whether the applicant must submit  
405 additional information. The department shall grant or deny a license  
406 application [, after notice and a hearing,] not more than ninety days  
407 after receiving all information required of an applicant. [Any hearing  
408 shall be conducted as a contested case in accordance with chapter 54.]  
409 The department shall hold a public hearing on an application upon the

410 request of any interested party.

411 (g) [The Department of Public Utility Control shall require, as] As  
 412 conditions of [a license,] continued licensure, a supplier must ensure  
 413 that: (1) The supplier complies with the National Labor Relations Act  
 414 and regulations, if applicable; (2) the supplier complies with the  
 415 Connecticut Unfair Trade Practices Act and applicable regulations; (3)  
 416 each generating facility operated by or under long-term contract to the  
 417 supplier complies with regulations adopted by the Commissioner of  
 418 Environmental Protection, pursuant to section 22a-174j; (4) the supplier  
 419 complies with the portfolio standards, pursuant to section 16-245a, as  
 420 amended by this act; (5) the supplier is a member of the regional  
 421 independent system operator or has a contractual relationship with  
 422 one or more entities who are members of the regional independent  
 423 system operator and the supplier complies with the system rules and  
 424 standards and any other reliability guidelines of the regional  
 425 independent systems operator; (6) the supplier agrees to cooperate  
 426 with the department and other electric suppliers, as defined in section  
 427 16-1, as amended by this act, in the event of an emergency condition  
 428 that may jeopardize the safety and reliability of electric service; (7) the  
 429 supplier complies with the Code of Conduct established pursuant to  
 430 section 16-244h; [and] (8) for a license to a participating municipal  
 431 electric utility, the supplier provides open and nondiscriminatory  
 432 access of its distribution facilities to other licensed electric suppliers;  
 433 (9) the person or the entity or entities with whom the supplier has a  
 434 contractual relationship to purchase power is in compliance with all  
 435 applicable licensing requirements of the Federal Energy Regulatory  
 436 Commission; (10) each generating facility operated by or under long-  
 437 term contract to the supplier complies with chapter 277a and state  
 438 environmental laws and regulations; and (11) the supplier  
 439 acknowledges that it is subject to chapters 208, 212, 212a and 219, as  
 440 applicable, and the supplier pays all taxes it is subject to in this state.  
 441 Also as a condition of a license, the department shall prohibit each  
 442 supplier from declining to provide service to customers for the reason  
 443 that the customers are located in economically distressed areas. The

444 department may establish additional reasonable conditions to assure  
445 that all retail customers will continue to have access to electric  
446 generation services.

447 (h) The department shall maintain regular communications with the  
448 regional independent system operator to effectuate the provisions of  
449 this section and to ensure that an adequate, safe and reliable supply of  
450 electricity is available.

451 (i) Each licensee shall, at such times as the department requires but  
452 not less than annually, submit to the Department of Public Utility  
453 Control, on a form prescribed by the department, an update of  
454 information the department deems relevant. Each licensee shall notify  
455 the department at least ten days before: (1) A change in corporate  
456 structure that affects the licensee; (2) a change in the scope of service,  
457 as provided in the supplier's scope of service plan submitted to the  
458 department as part of the application process; and (3) any other change  
459 the department deems relevant.

460 (j) No license may be transferred without the prior approval of the  
461 department. The department may assess additional licensing fees to  
462 pay the administrative costs of reviewing a request for such transfer.

463 [(k) An electric aggregator shall not be subject to the provisions of  
464 subdivisions (2) to (6), inclusive, of subsection (c) of this section and  
465 subdivisions (4) and (5) of subsection (g) of this section.]

466 [(l)] (k) Any person who fails to comply with a license condition or  
467 who violates any provision of this section shall be subject to [sanctions]  
468 civil penalties by the Department of Public Utility Control in  
469 accordance with section 16-41, [which may include, but are not limited  
470 to,] or the suspension or revocation of such license or a prohibition on  
471 accepting new customers by the Department of Public Utility Control  
472 following a hearing that is conducted as a contested case in accordance  
473 with chapter 54. In addition to or instead of such penalties, suspension  
474 or revocation, the Department of Public Utility Control may order any

475 person who fails to comply with the portfolio standards in accordance  
476 with subsection (g) of this section to make a payment to the  
477 department to be allocated to the Renewable Energy Investment Fund  
478 and to other uses the department determines to be in the best interest  
479 of rate payers, including, but not limited to, the Energy Conservation  
480 and Load Management Fund or the payment of stranded costs. The  
481 department shall annually set a range of the amount of such payment  
482 on a cent per kilowatt hour basis following a hearing that is conducted  
483 as a contested case in accordance with chapter 54.

484 (l) (1) An electric aggregator shall not be subject to subsections (a) to  
485 (k), inclusive, of this section.

486 (2) No electric aggregator shall negotiate a contract for the purchase  
487 of electric generation services from an electric supplier unless such  
488 aggregator has obtained a certificate of registration from the  
489 Department of Public Utility Control in accordance with this  
490 subsection.

491 (3) An application for a certificate of registration shall be filed with  
492 the department, accompanied by a fee as determined by the  
493 department. The application shall contain such information as the  
494 department may deem relevant, including, but not limited to, the  
495 following: (A) The address of the applicant's headquarters and the  
496 articles of incorporation, if applicable, as filed with the state in which  
497 the applicant is incorporated; (B) the address of the applicant's  
498 principal office in the state, if any, or the address of the applicant's  
499 agent for service in the state; (C) the toll-free or in-state telephone  
500 number of the applicant; (D) information about the applicant's  
501 corporate structure, if applicable, including financial names and  
502 financial statements, as appropriate, concerning corporate affiliates; (E)  
503 disclosure of whether the applicant or any of the applicant's corporate  
504 affiliates or officers, if applicable, have been or are currently under  
505 investigation for violation of any consumer protection law or  
506 regulation to which it is subject, either in this state or in another state.



507 (4) Not more than thirty days after receiving an application for a  
 508 certificate of registration, the department shall notify the applicant  
 509 whether the application is complete or whether the applicant must  
 510 submit additional information. The department shall grant or deny the  
 511 application for a certificate of registration not more than ninety days  
 512 after receiving all information required of an applicant. The  
 513 department shall hold a public hearing on an application upon the  
 514 request of any interested party.

515 (5) As a condition for maintaining a certificate of registration, the  
 516 electric aggregator must ensure that, where applicable, it complies  
 517 with the National Labor Relations Act and regulations, if applicable,  
 518 and it complies with the Connecticut Unfair Trade Practices Act and  
 519 applicable regulations.

520 (6) Each registered electric aggregator shall update the information  
 521 contained in subdivision (3) of this subsection as necessary.

522 Sec. 7. Section 16-245a of the general statutes is repealed and the  
 523 following is substituted in lieu thereof (*Effective October 1, 2002*):

524 (a) [To be licensed under section 16-245, an applicant for a license]  
 525 An electric supplier and an electric distribution company providing,  
 526 pursuant to section 16-244c, as amended by this act, default service or  
 527 back-up generation service shall demonstrate to the satisfaction of the  
 528 Department of Public Utility Control that not less than one-half of one  
 529 per cent of its total electricity output or services shall be generated  
 530 from Class I renewable energy sources and an additional five and one-  
 531 half per cent of the total output or services shall be from Class I or  
 532 Class II renewable energy sources. On and after July 1, [2001] 2005, not  
 533 less than three-fourths of one per cent of the total output or services of  
 534 any such supplier or distribution company shall be generated from  
 535 Class I renewable energy sources and an additional [five and one-half]  
 536 six per cent of [the total] such output or services shall be from Class I  
 537 or Class II renewable energy sources. On and after July 1, [2002] 2006,  
 538 not less than one per cent of such output or services shall be generated

539 from Class I renewable energy sources and an additional [five and  
540 one-half] six per cent of [the total] such output or services shall be from  
541 Class I or Class II renewable energy sources. On and after July 1, [2003]  
542 2007, not less than one and one-half per cent of such output or services  
543 shall be generated from Class I renewable energy sources and an  
544 additional [five and one-half] six per cent of [the total] such output or  
545 services shall be from Class I or Class II renewable energy sources. On  
546 and after July 1, [2004] 2008, not less than two per cent of [the total  
547 output of any such supplier] such output or services shall be generated  
548 from Class I renewable energy sources and an additional six per cent  
549 of [the total] such output or services shall be from Class I or Class II  
550 renewable energy sources. On and after July 1, [2005] 2009, not less  
551 than two and one-half per cent of [the total output of any such  
552 supplier] such output or services shall be generated from Class I  
553 renewable energy sources and an additional [six] seven per cent of [the  
554 total] such output or services shall be from Class I or Class II  
555 renewable energy sources. On and after July 1, [2006] 2010, not less  
556 than three per cent of [the total output of any such supplier] such  
557 output or services shall be generated from Class I renewable energy  
558 sources and an additional [six] seven per cent of [the total] such output  
559 or services shall be from Class I or Class II renewable energy sources.  
560 On and after July 1, [2007] 2011, not less than four per cent of [the total  
561 output of any such supplier] such output or services shall be generated  
562 from Class I renewable energy sources and an additional [six] seven  
563 per cent of [the total] such output or services shall be from Class I or  
564 Class II renewable energy sources. On and after July 1, [2008] 2012, not  
565 less than five per cent of [the total output of any such supplier] such  
566 output or services shall be generated from Class I renewable energy  
567 sources and an additional [six] seven per cent of [the total] such output  
568 or services shall be from Class I or Class II renewable energy sources.  
569 On and after July 1, [2009] 2013, not less than six per cent of [the total  
570 output of any such supplier] such output or services shall be generated  
571 from Class I renewable energy sources and an additional seven per  
572 cent of [the total] such output or services shall be from Class I or Class

573 II renewable energy sources. An electric supplier or electric  
 574 distribution company providing, pursuant to section 16-244c, as  
 575 amended by this act, default service or back-up generation service may  
 576 satisfy the requirements of this subsection by purchasing Class I or  
 577 Class II renewable energy sources within the jurisdiction of the  
 578 regional independent system operator, the New York Independent  
 579 System Operator, or its successor organization as approved by the  
 580 Federal Energy Regulatory Commission, or the PJM Interconnection,  
 581 LLC, or its successor organization as approved by the Federal Energy  
 582 Regulatory Commission or by participating in a renewable energy  
 583 trading program within said jurisdictions as approved by the [state]  
 584 Department of Public Utility Control. Any supplier who provides  
 585 electric generation services solely from a Class II renewable energy  
 586 source shall not be required to comply with the provisions of this  
 587 section.

588 (b) An [applicant's demonstration] electric supplier or an electric  
 589 distribution company providing, pursuant to section 16-244c, as  
 590 amended by this act, default service or back-up generation service  
 591 shall base its demonstration of generation sources, as required under  
 592 subsection (a) of this section [, shall be based] on historical data, which  
 593 may consist of data filed with the regional independent system  
 594 operator.

595 (c) A supplier or an electric distribution company providing,  
 596 pursuant to section 16-244c, as amended by this act, default or back-up  
 597 generation service may true up its generation service portfolio within  
 598 the first three months of a calendar year accordingly to meet the  
 599 generation source requirements of subsection (a) of this section for the  
 600 previous year.

601 [(c)] (d) The department [may] shall adopt regulations pursuant to  
 602 chapter 54 to implement the provisions of this section.

603 Sec. 8. Subsection (a) of section 16-245l of the general statutes is  
 604 repealed and the following is substituted in lieu thereof (*Effective*

605     *October 1, 2002*):

606         (a) The Department of Public Utility Control shall establish and each  
607         electric distribution company shall collect a systems benefits charge to  
608         be imposed against all end use customers of each electric distribution  
609         company beginning January 1, 2000. The department shall hold a  
610         hearing that shall be conducted as a contested case in accordance with  
611         chapter 54 to establish the amount of the systems benefits charge. The  
612         department may revise the systems benefits charge or any element of  
613         said charge as the need arises. The systems benefits charge shall be  
614         used to fund (1) the expenses of the public education outreach  
615         program developed under subsection (a) of section 16-244d other than  
616         expenses for department staff, (2) the reasonable and proper expenses  
617         of the education outreach consultant pursuant to subsection (d) of  
618         section 16-244d, (3) the cost of hardship protection measures under  
619         sections 16-262c and 16-262d and other hardship protections, including  
620         but not limited to, electric service bill payment programs, funding and  
621         technical support for energy assistance, fuel bank and weatherization  
622         programs and weatherization services, (4) the payment program to  
623         offset tax losses described in section 12-94d, as amended, (5) any sums  
624         paid to a resource recovery authority pursuant to subsection (b) of  
625         section 16-243e, (6) low income conservation programs approved by  
626         the Department of Public Utility Control, (7) displaced worker  
627         protection costs, (8) unfunded storage and disposal costs for spent  
628         nuclear fuel generated before January 1, 2000, approved by the  
629         appropriate regulatory agencies, (9) postretirement safe shutdown and  
630         site protection costs that are incurred in preparation for  
631         decommissioning, (10) decommissioning fund contributions, and (11)  
632         legal, appraisal and purchase costs of a conservation or land use  
633         restriction and other related costs as the department in its discretion  
634         deems appropriate, incurred by a municipality on or before January 1,  
635         2000, to ensure the environmental, recreational and scenic preservation  
636         of any reservoir located within this state created by a pump storage  
637         hydroelectric generating facility. As used in this subsection, "displaced  
638         worker protection costs" means the reasonable costs incurred, prior to

639 January 1, 2006, by an electric company or a generation entity or  
640 affiliate arising from the dislocation of any employee other than an  
641 officer, provided such dislocation is a result of restructuring of the  
642 electric generation market and such dislocation occurs on or after July  
643 1, 1998; and provided further such costs result from either the  
644 execution of agreements reached through collective bargaining for  
645 union employees or from the company's or entity's or affiliate's  
646 programs and policies for nonunion employees. "Displaced worker  
647 protection costs" includes costs incurred or projected for severance,  
648 retraining, early retirement, outplacement, coverage for surviving  
649 spouse insurance benefits and related expenses. "Displaced worker  
650 protection costs" does not include those costs included in determining  
651 a tax credit pursuant to section 12-217bb.

652 Sec. 9. Subsection (d) of section 16-245m of the general statutes is  
653 repealed and the following is substituted in lieu thereof (*Effective*  
654 *October 1, 2002*):

655 (d) (1) The Energy Conservation Management Board shall advise  
656 and assist the electric distribution companies in the development and  
657 implementation of a comprehensive plan, which plan shall be  
658 approved by the Department of Public Utility Control, to implement  
659 cost-effective energy conservation programs and market  
660 transformation initiatives. Each program contained in the plan shall be  
661 either accepted or rejected by the electric distribution company and the  
662 Energy Conservation Management Board prior to submission to the  
663 department for approval.

664 (2) Programs included in the plan shall be screened through cost-  
665 effectiveness testing which compares the value and payback period of  
666 program benefits to program costs to ensure that programs are  
667 designed to obtain energy savings whose value is greater than the  
668 costs of the programs. Program cost-effectiveness shall be reviewed  
669 annually, or otherwise as is practicable. If a program is determined to  
670 fail the cost-effectiveness test as part of the review process, it shall

671 either be modified to meet the test or shall be terminated. On or before  
 672 January 31, 2001, and annually thereafter until January 31, 2006, the  
 673 board shall provide a report to the joint standing committees of the  
 674 General Assembly having cognizance of matters relating to energy and  
 675 the environment which documents expenditures, fund balances and  
 676 evaluates the cost-effectiveness of such programs conducted in the  
 677 preceding year.

678 (3) [Such programs] Programs included in the plan may include, but  
 679 not be limited to: [(1)] (A) Conservation and load management  
 680 programs; [(2)] (B) research, development and commercialization of  
 681 products or processes which are more energy-efficient than those  
 682 generally available; [(3)] (C) development of markets for such products  
 683 and processes; [(4)] (D) support for energy use assessment, engineering  
 684 studies and services related to new construction or major building  
 685 renovation; [(5)] (E) the design, manufacture, commercialization and  
 686 purchase of energy-efficient appliances and heating, air conditioning  
 687 and lighting devices; [(6)] (F) program planning and evaluation; and  
 688 [(7)] (G) public education regarding conservation. Such support may  
 689 be by direct funding, manufacturers' rebates, sale price and loan  
 690 subsidies, leases and promotional and educational activities. Any other  
 691 expenditure by the collaborative shall be limited to retention of expert  
 692 consultants and reasonable administrative costs provided such  
 693 consultants shall not be employed by, or have any contractual  
 694 relationship with, an electric distribution company. Such costs shall  
 695 not exceed five per cent of the total revenue collected from the  
 696 assessment.

697 Sec. 10. Subsection (d) of section 16-245n of the general statutes is  
 698 repealed and the following is substituted in lieu thereof (*Effective*  
 699 *October 1, 2002*):

700 (d) The chairperson of the board of directors of Connecticut  
 701 Innovations, Incorporated, shall convene a Renewable Energy  
 702 Investments Advisory Committee to assist Connecticut Innovations,

703 Incorporated, in matters related to the Renewable Energy Investment  
 704 Fund, including, but not limited to, development of a comprehensive  
 705 plan and expenditure of funds. The advisory committee shall include  
 706 not more than twelve individuals with knowledge and experience in  
 707 matters related to the purpose and activities of said fund. The advisory  
 708 committee shall consist of the following members: (1) One person with  
 709 expertise regarding renewable energy resources or renewable energy  
 710 policy appointed by the speaker of the House of Representatives; (2)  
 711 one person representing a state or regional organization primarily  
 712 concerned with environmental protection appointed by the president  
 713 pro tempore of the Senate; (3) one person with experience in business  
 714 or commercial investments appointed by the majority leader of the  
 715 House of Representatives; (4) one person representing a state or  
 716 regional organization primarily concerned with environmental  
 717 protection appointed by the majority leader of the Senate; (5) one  
 718 person with experience in business or commercial investments  
 719 appointed by the minority leader of the House of Representatives; (6)  
 720 one person with experience in business or commercial investments  
 721 appointed by the minority leader of the Senate; (7) two state officials  
 722 with experience in matters relating to energy policy and one person  
 723 with expertise regarding renewable energy resources appointed by the  
 724 Governor; and (8) three persons with experience in business or  
 725 commercial investments appointed by the board of directors of  
 726 Connecticut Innovations, Incorporated. The advisory committee shall  
 727 issue annually a report to such chairperson reviewing the activities of  
 728 the fund in detail and shall provide a copy of such report to the joint  
 729 standing committee of the General Assembly having cognizance of  
 730 matters relating to energy.

731 Sec. 11. Subsection (a) of section 16-245o of the general statutes is  
 732 repealed and the following is substituted in lieu thereof (*Effective July*  
 733 *1, 2002*):

734 (a) To protect a customer's right to privacy from unwanted  
 735 solicitation, each electric company or electric distribution company, as

736 defined in section 16-1, as amended by this act, as the case may be,  
 737 shall distribute to each customer a form approved by the Department  
 738 of Public Utility Control which the customer shall submit to [his] the  
 739 customer's electric or electric distribution company in a timely manner  
 740 if [he] the customer does not want [his] the customer's name, address,  
 741 telephone number and rate class to be released to electric suppliers, as  
 742 defined in said section 16-1. On and after July 1, 1999, each electric or  
 743 electric distribution company, as the case may be, shall make available  
 744 to all electric suppliers customer names, addresses, telephone  
 745 numbers, if known, and rate class, unless the electric company or  
 746 electric distribution company has received a form from a customer  
 747 requesting that such information not be released. Additional  
 748 information about a customer for marketing purposes shall not be  
 749 released to any electric supplier unless a customer [signs a release  
 750 which shall be made available by the department] consents to a release  
 751 pursuant to the mechanisms set forth in subsection (a) of section 16-  
 752 245s.

753 Sec. 12. Subsection (e) of section 16-245o of the general statutes is  
 754 repealed and the following is substituted in lieu thereof (*Effective July*  
 755 *1, 2002*):

756 (e) Each electric supplier shall, prior to the initiation of electric  
 757 generation services, provide the potential customer with a written  
 758 notice describing the rates, information on air emissions and resource  
 759 mix of generation facilities operated by and under long-term contract  
 760 to the supplier, terms and conditions of the service, and a notice  
 761 describing the customer's right to cancel the service, as provided in this  
 762 section. No electric supplier shall provide electric generation services  
 763 unless the customer has signed a service contract or consents to such  
 764 services pursuant to the mechanisms set forth in subsection (a) of  
 765 section 16-245s. A customer shall, until midnight of the third business  
 766 day after the day on which the customer enters into a service  
 767 agreement, have the right to cancel a contract for electric generation  
 768 services entered into with an electric supplier.



769 Sec. 13. Section 16-245p of the general statutes is repealed and the  
770 following is substituted in lieu thereof (*Effective January 1, 2004*):

771 (a) [Upon being issued a license pursuant to section 16-245, an] An  
772 electric supplier and an electric distribution company providing,  
773 pursuant to section 16-244c, as amended by this act, default service or  
774 back-up generation service shall submit information to the Department  
775 of Public Utility Control that the department, after consultation with  
776 the Consumer Education Advisory Council, established under section  
777 16-244d, determines will assist customers in making informed  
778 decisions when choosing an electric supplier, including, but not  
779 limited to, the information provided in subsection (b) of this section.  
780 Each supplier or electric distribution company providing, pursuant to  
781 section 16-244c, as amended by this act, default service or back-up  
782 generation service shall submit, on a form prescribed by the  
783 department, quarterly reports containing information on rates and any  
784 other information the department deems relevant, including, but not  
785 limited to, any change in the information as required by the  
786 department. After the department has received the information  
787 required pursuant to this subsection, the supplier shall be eligible to  
788 receive customer marketing information from electric or electric  
789 distribution companies, as provided in section 16-245o, as amended by  
790 this act.

791 (b) The Department of Public Utility Control shall maintain and  
792 make available to customers upon request, a list of electric aggregators  
793 and the following information about each electric supplier, as defined  
794 in section 16-1, as amended by this act, and each electric distribution  
795 company providing, pursuant to section 16-244c, as amended by this  
796 act, default service or back-up generation service: (1) Rates and  
797 charges; [provided by an electric supplier;] (2) applicable terms and  
798 conditions of a contract for electric generation services; [provided by  
799 an electric supplier;] (3) the percentage of [each supplier's] the total  
800 electric output derived from each of the categories of energy sources  
801 provided in subsection (e) of section 16-244d, the total emission rates

802 [at which each facility operated by or under long-term contract to the  
803 electric supplier emits] of nitrogen oxides, sulfur oxides, carbon  
804 dioxide, carbon monoxide, particulates, heavy metals and other wastes  
805 the disposal of which is regulated under state or federal law at the  
806 facilities operated by or under long-term contract to the electric  
807 supplier or providing generation services to an electric distribution  
808 company providing, pursuant to section 16-244c, as amended by this  
809 act, default service or back-up generation service, and the analysis of  
810 the environmental characteristics of each such category of energy  
811 source prepared pursuant to subsection (e) of said section 16-244d and  
812 to the extent such information is unknown, the estimated percentage of  
813 the [electric supplier's] total electric output for which such information  
814 is unknown, along with the word "unknown" for that percentage; (4) a  
815 record of customer complaints and the disposition of each complaint;  
816 and (5) any other information the department determines will assist  
817 customers in making informed decisions when choosing an electric  
818 supplier. The department shall update the information at least  
819 quarterly. The department shall put such information in a standard  
820 format so that a customer can readily understand and compare the  
821 services provided by each electric supplier.

822 Sec. 14. Section 16-245s of the general statutes is amended by adding  
823 subsection (d) as follows (*Effective July 1, 2002*):

824 (NEW) (d) The Department of Public Utility Control may adopt  
825 regulations, in accordance with chapter 54, to address abusive  
826 switching practices by customers or suppliers.

827 Sec. 15. (*Effective July 1, 2002*) The Department of Public Utility  
828 Control shall open a docket to examine and investigate, on its own  
829 motion, the standardization of interconnection protocols for  
830 engineering methods and rates.

831 Sec. 16. (*Effective July 1, 2002*) The Department of Public Utility  
832 Control shall, within available resources, conduct a study that  
833 examines different means to encourage end users of electricity to

834 conserve electricity, including, but not limited to, the use of enhanced  
835 time-of-day metering or seasonal rates. Not later than January 1, 2003,  
836 the department shall submit a report on its findings and  
837 recommendations to the joint standing committee of the General  
838 Assembly having cognizance of matters relating to energy, in  
839 accordance with the provisions of section 11-4a of the general statutes.

This act shall take effect as follows:	
Section 1	<i>July 1, 2002</i>
Sec. 2	<i>July 1, 2002</i>
Sec. 3	<i>July 1, 2002</i>
Sec. 4	<i>July 1, 2002</i>
Sec. 5	<i>July 1, 2002</i>
Sec. 6	<i>October 1, 2002</i>
Sec. 7	<i>October 1, 2002</i>
Sec. 8	<i>October 1, 2002</i>
Sec. 9	<i>October 1, 2002</i>
Sec. 10	<i>October 1, 2002</i>
Sec. 11	<i>July 1, 2002</i>
Sec. 12	<i>July 1, 2002</i>
Sec. 13	<i>January 1, 2004</i>
Sec. 14	<i>July 1, 2002</i>
Sec. 15	<i>July 1, 2002</i>
Sec. 16	<i>July 1, 2002</i>

***Statement of Purpose:***

To update the provisions of public act 98-28.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*